

Testimony on Taxation of REIT Properties

Joint Taxation Committee Hearing – Special Session - May 10, 2007

The proposed legislation does not make a single Montana taxpayer pay any additional taxes. It is not a new tax. In fact Montana for-profit corporations have been paying both federal and state taxes when they sell real estate in Montana on the proceeds above and beyond the cost of their original investment (the capital gains). Thus this legislation levels the playing field for Montanans with out of state corporations organized as Real Estate Investment Trusts (REIT) for their real estate operations.

Eight REIT's operate in Montana, all based out of state. They have been getting by without paying taxes in Montana, thereby having an unfair advantage over Montanans. Ten other states have already addressed this REIT loophole and two other states are currently considering REIT legislation this year.

It is time to take action in Montana to assure that we join other states that have addressed this problem, and have made outside corporations pay their fair share. I urge you to pass this legislation and put the proceeds into the Education Trust. It is the smart thing to do.

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